

Mattancheri Water Works. Special mention may also be made of the Trichur Water Supply and the Ayilur Water Supply schemes for which provisions of Rs. 30,000 and Rs.8,000 respectively have been made.

Scientific, etc., Departments.—The budget estimate anticipates an increase of Rs. 37,500 over the revised estimate of Rs. 1,24,900, the main increase being under 'Industries' due to the provision of Rs. 25,000 made for Workshop equipment in the G. T. School, Trichur. This as well as the other variations have been explained in the memorandum furnished with the budget estimate and I shall not take up more time on this at present.

Uplift of the Depressed Classes.—An increased provision of Rs. 11,500 has been made as compared with the revised estimate of Rs. 73,300. For the organisation of co-operative societies among the depressed classes and for their effective supervision a full-time Co-operative Inspector has been appointed as already explained when dealing with the Co-operative Department; additional allotment is made under water-supply; provision has been made for opening additional divisions and classes; increased allotment has also been provided for aiding new schools specially intended for our depressed brethren.

Miscellaneous.—Passing on, I come to the last head of expenditure, viz., 'Miscellaneous' the budget under which is fixed at Rs. 3,58,400 thus exceeding the revised estimate by Rs. 2,26,500. This large increase is due to the enhanced provision made under 'Entertainment of State Guests' towards the expenses in connection with the visit of His Excellency the Viceroy and the lump provision of Rs. 2,50,000 made for the re-organisation of Departments after consideration of the report of the Special Finance Committee. The scrutiny of the report in the light of the recommendations made by the Council during the Special Session has almost been completed and it is hoped to effect the reorganisations during the early part of next year.

Our Surplus.—I am afraid, there is a strong impression gaining ground that the State is now on a mistaken policy of hoarding surpluses instead of utilising them for useful public activities in connection with the development of irrigation, industries, etc. Though to a casual observer the net surplus of Rs. 88.62 lakhs anticipated at the end of the current year may appear a huge and unnecessary one displaying bankruptcy of statesmanship, I am certain that a careful student of the State finances will, on going into the question a little deeper, find to his surprise that this is after all a surplus on books and that it

does not represent the liquid surplus—a large portion of it being not readily realisable and not, therefore, capable of being utilised for any immediate purpose. A sum of Rs. 12.47 lakhs, for instance, represents the amount spent by the Darbar towards the reclamation charges, etc., in connection with the Harbour which is being treated by the Darbar as a sort of investment in 'capital'. Again, a sum of Rs. 14.00 lakhs is invested either in loans to indigenous industrial concerns or in long-term securities, and there are no means of recovering the same against any immediate demands. The treasury transactions of the State require not less than Rs. 15.00 lakhs at all times to be kept in our treasuries and this is met from the general surplus. Another sum of about Rs. 10.00 lakhs out of the surplus remains always sunk in advances for various departmental purposes such as agricultural and industrial advances, palace advances, advances for the purchase of opium and ganja, etc. What is thus left out of the general surplus for utilisation for any useful schemes is only Rs. 37.15 lakhs as I shall presently show:—

General surplus	...	Rs. 88.62	lakhs.
Sunk in Harbour	..	12.47	do
Long-term investments	..	14.00	do
Treasury requirements	..	15.00	do
Departmental advances	...	10.00	do
Total	...	51.47	do
Net balance	...	37.15	do

For the Venduruthi reclamation alone in connection with the development of the Cochin Harbour the Darbar have to pay according to agreement for an area of about 250 acres at the rate of Rs. 15,000 per acre or about Rs. 37.50 lakhs in all. So far, only a sum of Rs. 9 lakhs odd has been paid for this purpose and more than 28 lakhs of rupees which may be required at any time during the next year or two for reclamation charges alone has to be met from the net amount of Rs. 37.15 lakhs referred to above. Thus, after meeting the cost of reclamation to be borne by the Darbar as per the agreement, there will scarcely be anything left out of the present State surplus.

I feel confident that the above figures will speak for themselves; I am equally aware that in saying this I am laying myself open to a charge that the cost of such reproductive works as the Harbour must be met by loans—that works which our posterity will enjoy must be paid for by them. Accepting the soundness of the maxim, may I ask whether we will be able to raise a loan

of nearly a crore of rupees which may be required in the near future—Rs. 30 lakhs or more for the Harbour and Rs. 60 lakhs for financing the conversion of our Railway into broad-gauge? I have my own doubts in the matter and I hope that many of my friends on the opposite side will agree with me in thinking that it is safer to go in for a loan only for financing the latter. In these circumstances I do not know how the Government can rightly be blamed for having this surplus at their hands. On the other hand, we are open to a criticism, and rightly too, that we are not building a reserve to the extent of an year's income to be drawn upon on emergencies only as is done in other progressive sister States. The balance at our disposal, as already explained, could not admit of this at present, but, with your hearty co-operation, the Government may be able to build up one with the present amounts in long-term securities, etc., as a nucleus.

Cranganur.

Sir,

I have done with the State Budget, and before I close, a few words about the Cranganur Budget also.

In 1103, according to the revised estimate, we anticipated a receipt of Rs. 1,93,230 and an expenditure of Rs. 1,92,960 thus resulting in a surplus of Rs. 270 only. The actual transactions, however, resulted in a surplus of Rs. 15,782 due to an increase in revenue over the revised estimate by Rs. 4,550 and a decrease in expenditure by Rs. 10,962. The heads that chiefly contributed to the increase in revenue were 'Stamps' and 'Opium' while the heads mainly responsible for the fall in expenditure were 'Agriculture and Panchayats', 'Medical' and 'Public Works'.

For the current year we budgetted for a revenue of Rs. 1,97,840 and an expenditure of Rs. 1,93,080 thus expecting a surplus of Rs. 4,760. Though the revised estimate anticipates an improvement of Rs. 570 in revenue, the expenditure is expected to exceed the budget estimate by Rs. 7,600 thus converting the anticipated surplus of Rs. 4,760 into a deficit of Rs. 2,270. The increase in revenue is too small to call for any remarks. The heads mainly responsible for the increase in expenditure are 'Land Revenue', 'Education', 'Public Works' and 'Miscellaneous.' The increase under 'Land Revenue' is chiefly due to an expenditure of Rs. 1,900 under 'Capital' being the value of certain improvements that had to be paid on some estate properties and that under 'Education' to the opening of additional divisions of classes and the increase of pay to the menials. Under 'Public Works' the increase is due to silt clearing and deepening a public tank and as for 'Miscellaneous' the grant of special allow-